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December 13, 2001

Ms. Jill I. Sugarman, Reports Analyst
Reports Analysis Division
Federal Election Commission
999 E St., NW
Washington, D.C. 20463

Re: Friends of Farr
FEC ID #C00290429

LANCE H. OLSON
BRUCE J. HAGEL
GEORGE WATERS
DIANE M. FISHBURN
ELIZABETH L. GAGE
N. EUGENE HILL
DEBORAH B. CAPLAN
SARAH E. GILMER
JAMES A. KEALEY
THOMAS E. GAUTHIER

Dear Ms. Sugarman:

I serve as counsel to the above committee. I am writing to provide information concerning three amendments to the 1996 and 1997 campaign reports being filed by the Committee today. Our firm administers the Committee account and prepares the campaign reports for the Committee.

Last summer, we discovered that one of our long-time employees had embezzled funds from the Friends of Farr campaign account. Based on a complete audit of the Committee's records by an outside accounting firm, we determined that this activity occurred once in 1996 and once in 1997, and that the total amount taken from the Committee account was \$1,836.50.

Since the employee covered up the embezzlement by listing the expenditures as "unitemized" payments in our computer reporting program, amendments to the campaign reports are now required to report these payments as "payments made in error." The law firm has assumed responsibility for the loss, and has replaced the funds which were unlawfully taken from the account during the current reporting period. On the year-end report, this amount will be reported by the Committee as "other receipts" on line 14 from the law firm and will be described as "return of amounts paid in error."

Very truly yours,

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